



## STRENGTHENING THE GOVERNMENT

### Program Goals:

- Support the Bonn process: the Constitutional, Human Rights and Judicial Commissions; the 2004 elections; and a free and independent media.
- Strengthen government budgeting, revenue generation (e.g., customs), monetary management, private-sector related legal and regulatory frameworks, and promote private enterprises.
- Build capacity to carry out other legitimate government functions and support reconstruction of health, judicial, education, economic, agricultural and transportation infrastructure.

**Economic Governance:** The Government of Afghanistan's is working to develop a competitive economy through the establishment of sound fiscal and monetary policies and procedures. The investment climate is being improved through:

- Legal and regulatory reforms, including the reduction of administrative barriers
- Establishment of property rights and renovation of land titling
- Establishment of regulatory frameworks
- Drafting of laws to enhance tax collection, financial sector development, corporate governance, and business dispute resolution.

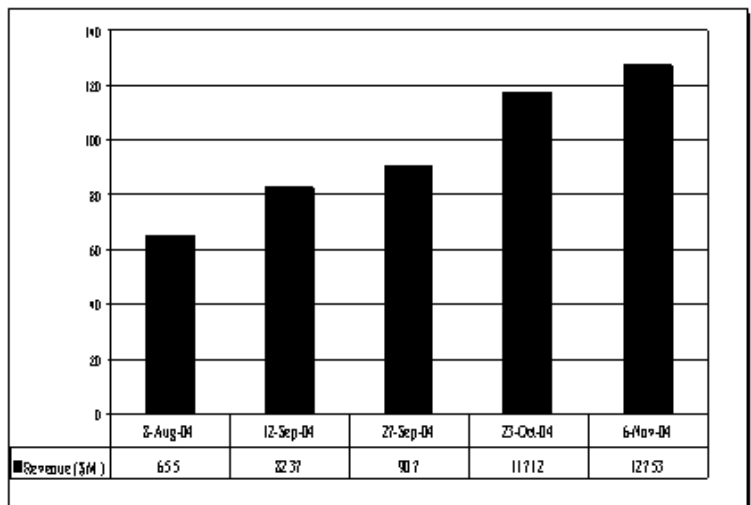
Privatization of State Owned Enterprises will soon begin and construction of three industrial parks is near completion. Other accomplishments include:

- Issuance of more than 6,000 Business Licenses and 13,000 Tax Identification Numbers in Afghanistan
- Relicensing of three State Owned Banks, licensing of three local banks, and the licensing of four Foreign Banks
- 80% of connected banks currently submitting daily reports
- International Fund Transfer payments total 4,012 transfers for the year.

**Fiscal Sector Achievements:** Customs revenue generation figures indicate another significant improvement in Afghanistan's overall customs operations. Since March 2004, the beginning of the Afghan fiscal year, \$76.4M was generated in customs revenue - at a rate significantly higher than last fiscal year. Customs operations in Afghanistan are the largest contributor to the country's total domestic revenue (see chart.) Border operations are improving and progress continues with the commencement of Customs Mobile Units, which generate additional revenue.



*Da Afghanistan Bank, the central bank of Afghanistan.*



*Total domestic revenue generation (1383)\**  
*\*Afghan fiscal year is based on solar calendar. 1383 runs from 20 March 2004 to 20 March 2005.*

## STRENGTHENING THE GOVERNMENT (CONTINUED):

### Media Development and Civic Education:

Following three decades of conflict, rural communities in Afghanistan struggle to meet their reconstruction needs with only a few resources available from local and central government. With assistance, the Ministry of Rural Rehabilitation and Development (MRRD) is reaching out to rural communities across the country. One example of this support is the rehabilitation of the Qanum road in the northeastern province of Kunduz. More than 8,000 people use the road, which leads to the provincial capital. Improving this road was a priority for community members, and the village elders subsequently brought this issue to the MRRD. With this support, the MRRD was able to respond to this community request by constructing eight brand new culverts which drastically improved road conditions.



*Community members thank representatives from MRRD for their support, which enabled the construction of eight new culverts on the main road to the provincial capital.*

## Security Incidents Directly Affecting USAID Reconstruction Programs:

- **Increased Number of Hostile Attacks:** From September 1, 2004 through October 31, 2004, there have been 90 hostile attacks against reconstruction-related activities. Though the number of fatal attacks is less as compared to summer months, the number of hostile attacks increased during this time period.
- **USAID Related:** Hostile attacks are reported through USAID's security contractors and the Associated Press. Of the 90 attacks during this reporting period, 10 directly affected USAID activities.
- **Latest Attack:** On Nov. 4<sup>th</sup>, two explosions occurred in Jalalabad city. The first occurred close to a USAID office and the detonation was heard at 2100Hrs. Fifteen minutes later a second IED targeted an NGO supported training centre for Women. As a result both offices suffered minor damages. No casualties were reported.

